38

STANDING COMMITTEE ON FINANCE
(2016-17)

SIXTEENTH LOK SABHA

MINISTRY OF PLANNING

***[Action taken by the Government on the recommendations contained in Twentieth Report of the Standing Committee on Finance on* 'Planning Process - A Review']**

THIRTY-EIGHTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2016 / Agrahayana, 1938 (Saka)

THIRTY-EIGHTH REPORT

STANDING COMMITTEE ON FINANCE
(2016-2017)

(SIXTEENTH LOK SABHA)

MINISTRY OF PLANNING

***[Action taken by the Government on the recommendations contained in Twentieth Report of the Standing Committee on Finance on* 'Planning Process - A Review']**

Presented to Lok Sabha on 07 December, 2016

Laid in Rajya Sabha on 07 December, 2016

LOK SABHA SECRETARIAT
NEW DELHI

December, 2016 / Agrahayana, 1938 (Saka)

CONTENTS

PAGE

COMPOSITION OF THE COMMITTEE.....

INTRODUCTION .....

CHAPTER I Report .....

CHAPTER II* Recommendations/Observations which have been accepted by the Government .....

CHAPTER III* Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies .....

CHAPTER IV* Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee .....

CHAPTER V* Recommendations/Observations in respect of which final reply of the Government is still awaited .....

ANNEXURE

Minutes of the Sitting of the Committee held on 30 November, 2016

APPENDIX

Analysis of Action Taken by the Government on the Recommendations Contained in the Twentieth Report (Sixteenth Lok Sabha) of the Standing Committee on Finance on 'Planning Process - A Review'

** Not appended in the cyclostyled copy*

COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2016-17

Dr. Veerappa Moily - Chairman

MEMBERS

LOK SABHA

2. Shri Venkatesh Babu T.G.
3. Shri Gopalakrishnan Chinnaraj
4. Shri Nishikant Dubey
5. Shri P.C. Gaddigoudar
6. Shri Shyama Charan Gupta
7. Prof. Sanwar Lal Jat
8. Shri Rattan Lal Kataria
9. Shri Chandrakant B. Khaire
10. Shri Bhartruhari Mahtab
11. Shri Prem Das Rai
12. Shri Rayapati Sambasiva Rao
13. Prof. Saugata Roy
14. Shri Jyotiraditya M. Scindia
15. Shri Gajendra Singh Sekhawat
16. Shri Gopal Chinayya Shetty
17. Shri Anil Shirole
18. Dr. Kiritbhai Solanki
19. Dr. Kirit Somaiya
20. Shri Dinesh Trivedi
21. Shri Shivkumar Udasi

RAJYA SABHA

22. Shri Naresh Agrawal
23. Shri Naresh Gujral
24. Shri Satish Chandra Misra
25. Shri A. Navaneethakrishnan
26. Dr. Mahendra Prasad
27. Shri C.M. Ramesh
28. Shri T.K. Rangarajan
29. Shri Ajay Sancheti
30. Shri Digvijaya Singh
31. Dr. Manmohan Singh

SECRETARIAT

1.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
2.	Shri P.C. Tripathy	-	Director
3.	Shri Ramkumar Suryanarayanan	-	Additional Director
4.	Shri Vivek Pandey	-	Committee Assistant

INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Thirty-Eighth Report on action taken by Government on the Observations / Recommendations contained in the Twentieth Report of the Committee (Sixteenth Lok Sabha) on "Planning Process - A Review" of the Ministry of Planning.

2. The Twentieth Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 03 December, 2015. The Action Taken Notes on the Recommendations were received from the Government *vide* their communication dated 31 December, 2015.

3. The Committee considered and adopted this Report at their sitting held on 30 November, 2016.

4. An analysis of the action taken by the Government on the recommendations contained in the Twentieth Report of the Committee is given in the Appendix.

5. For facility of reference, the observations / recommendations of the Committee have been printed in bold in the body of the Report.

NEW DELHI
01 December, 2016
10 Agrahayana, 1938 (Saka)

DR. M. VEERAPPA MOILY,
Chairperson,
Standing Committee on Finance.

REPORT

CHAPTER I

This Report of the Standing Committee on Finance (Sixteenth Lok Sabha) deals with action taken by the Government on the recommendations/observations contained in their Twentieth Report on the subject 'Planning Process - A Review' of the Ministry of Planning which was presented to Hon'ble Speaker, Lok Sabha on 7th October, 2015 and therafter to Lok Sabha on 3rd December, 2015 and laid in Rajya Sabha on 3rd December, 2015.

2. Action taken notes have been received from the Government on 15 March, 2016 in respect of all the 09 recommendations/observations contained in the Report. These have been analyzed and categorized as follows:

(i) Recommendations/Observations that have been accepted by the Government:

Recommendation Nos. 1, 2, 3, 5, 6, 7, 8 and 9.

(Total 8)
(Chapter- II)

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Recommendation Nos. NIL

(Total : NIL)
(Chapter- III)

(iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee:

Recommendation No. 4

(Total 1)
(Chapter -IV)

(iv) Recommendations/Observations in respect of which final replies by the Government are still awaited:

Recommendation No. NIL

(Total - NIL)
(Chapter- V)

3. The Committee desire that the replies to the observations / recommendations contained in Chapter-I may be furnished to them expeditiously.

4. The Committee will now deal with the action taken replies furnished by the Government on some of their recommendations.

Recommendation (Sl. No.1 & 2)

5. The Committee noted that the erstwhile Planning Commission was set up in March, 1950 by a resolution of the Government of India. The Country has since followed a path of planned development under the aegis of Planning Commission. Planning process with special emphasis on economic planning has been a central tenet of India's development strategy since independence. It is well recognised that after independence the nation was faced with several teething problems. The country faced extreme shortage of capital, which required planning and prudence in the process of allocation of scarce resources, necessitating the need for reasonable centralisation. The Planning Commission was therefore, created as a non-constitutional as well as non-statutory body at the centre, which could frame Five Year Plans that would be able to provide a base for overall national development and growth. The Planning Commission was also entrusted with the duty to decide on the areas and magnitude of Central Government's intervention in State level plans, schemes and policies. The Planning Commission's development strategy as reflected in the successive plans, has undergone shifts in focus over the years in response to the evolving situation and consequential priority of the economy. In the post-liberalisation period, the role of Planning Commission changed from being an omnipotent body to that of a facilitative, decentralization instrument and subsequently to an official think tank. The planning process thus did not remain stagnant, as it evolved over time. The Commission also played a role in holding Central Ministries accountable for delivering on the plan targets; mid-term appraisal of the 5 year plans, half yearly and quarterly reviews were undertaken to evaluate the targets achieved and analyse the reasons for relative deficiencies. However, with passage of time, the extent of resilience and resurgence that was required was perhaps not forthcoming. Thus, the need arose for the planning process and mechanism to re-invent itself in the present day scenario.

The Committee further noted that it was against this backdrop of attainments, transformation, transition and restructuring that the replacement of the Planning Commission by the newly constituted National Institution for Transforming India (NITI) needed to be viewed and commented upon. In keeping with its mandate of promoting and facilitating cooperative federalism, the Committee expect the NITI to become a key institution not merely as a think tank giving policy inputs to Central Government, but also serve as an instrument for coordinating the policies of the Union and the States for a sustainable developmental agenda. Need for such coordination, cooperation and problem-solving arises due to considerable overlap in carrying out legislative and executive functions with regard to concurrent subjects enumerated in the Constitution, even though approval of plan outlays of Central Ministries and the States have been excluded from the ambit of the NITI. The Committee desired that the role and responsibilities of the erstwhile Planning Commission, wherever found relevant and useful, could still be gainfully institutionalised, albeit in a modified form and with greater result orientation.

6. The Ministry of Planning in their Action Taken Reply (Recommendation No. 1 and 2) on the issue of India's development strategy since independence, accountability of central Ministries to deliver on plan targets, targets achieved and reasons for relative deficiencies and evolution of the mandate of NITI to transform itself into a key institution and not merely a think tank giving policy inputs, have inter-alia stated as under :-

> "Committee’s concerns are noted. The new institution named as NITI Aayog (National Institution for Transforming India) has been set up, so that the Centre and the States as a team can work for ensuring transformation of the country into a vibrant inclusive economic powerhouse. As the successor in the interest to the Planning Commission, NITI will strive to fulfill the mandate given to it."

7. The Committee had observed that the role and responsibilities of the erstwhile Planning Commission, wherever found relevant and useful, could be gainfully institutionalised with greater result orientation. The Ministry's reply in this regard has referred to only the existing mandate of NITI. The Committee would, therefore, reiterate that the present and evolving role and responsibility of

NITI should also take into cognizance the coordinating role played by the erstwhile Planning Commission to hold the Government machinery at Central and State levels accountable towards timely delivery of various policy targets, yearly and quarterly appraisal of objectives achieved and the reasons for deficiencies, if any. The Committee may be apprised of the steps taken in this direction at the earliest.

Recommendation (Sl. No. 4)

8. The Committee were concerned to note that the role of the NITI in authoritatively coordinating between various Central Ministries/Departments with regard to their schemes and programmes, particularly the centrally sponsored progammes also requires greater clarity. As observed earlier, the functional necessity for such inter-ministrial and inter sectoral coordination without compromising on domain autonomy by an independent, expert and empowered body has not diminished at all.

9. On the issue of coordination between Central Ministries and Departments, and especially upon Centrally Sponsored Schemes (CSS) and need for greater clarity on inter-ministerial, inter-sectoral and functional necessity, the Ministry of Planning in their Action Taken Reply has stated as follows :-

> "The Allocation of work to NITI as per Allocation of Business Rules 1961 notified on 21st March, 2015 w.r.t NITI Aayog provides the necessary ambit within which the designated role can be performed."

10. The Committee feel constrained to note that the reply of Ministry is rather evasive. The Committee, therefore, reiterate that the mandate of the NITI needs greater clarity and emphasis on issues like Inter - Ministerial and Departmental coordination and especially with regard to the Centrally Sponsored Schemes. Coordination with State Governments and Departments is also necessary at a centralised level, which NITI can perform effectively.

Minutes of the Seventh sitting of the Standing Committee on Finance
The Committee sat on Wednesday, the 30 November, 2016 from 1500 hrs. to 1615 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.
PRESENT

Dr. M. Veerappa Moily - Chairperson

LOK SABHA

2. Shri T.G. Venkatesh Babu
3. Shri Gopalakrishnan Chinnaraj
4. Shri Nishikant Dubey
5. Shri P.C. Gaddigoudar
6. Prof. Sanwar Lal Jat
7. Shri Chandrakant B. Khaire
8. Shri Bhartruhari Mahtab
9. Shri Prem Das Rai
10. Shri Rayapati Sambasiva Rao
11. Shri Gajendra Singh Sekhawat
12. Shri Gopal Chinayya Shetty
13. Shri Anil Shirole
14. Dr. Kiritbhai Solanki
15. Dr. Kirit Somaiya
16. Shri Dinesh Trivedi
17. Shri Shivkumar Udasi

RAJYA SABHA

18. Shri Naresh Gujral
19. Shri A. Navaneethakrishnan
20. Dr. Mahendra Prasad
21. Shri T.K. Rangarajan
22. Shri Ajay Sancheti
23. Shri Digvijaya Singh

SECRETARIAT

1.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
2.	Shri P.C. Tripathy	-	Director
3.	Shri Ramkumar Suryanarayanan	-	Additional Director
4.	Shri Kulmohan Singh Arora	-	Deputy Secretary

WITNESSES

XX XX XX XX XX XX

2. XX XX XX XX XX XX.

3. Thereafter, the Committee took up the following draft reports for consideration and adoption:

(i) Draft Report on 'The Companies (Amendment) Bill, 2016

(ii) Draft Report on Action Taken by the Government on the Recommendations contained in the 20th Report (16th Lok Sabha) on "Planning Process - A Review "

(iii) Draft Report on Action Taken by the Government on the Recommendations contained in the 27th Report (16th Lok Sabha) on "Non - Performing Assets Of Financial Institutions "

(iv) Draft Report on Action Taken by the Government on the Recommendations contained in the 29th Report on Demands For Grants (2016-17) of the Ministry of Finance (Departments of Economics Affairs, Expenditure, Financial Services and Disinvestment.

(v) Draft Report on Action Taken by the Government on the Recommendations contained in the 30th Report on Demands For Grants (2016-17) of the Ministry of Finance (Department of Revenue).

(vi) Draft Report on Action Taken by the Government on the Recommendations contained in the 31st Report on Demands For Grants (2016-17) of the Ministry of Planning.

(vii) Draft Report on Action Taken by the Government on the Recommendations contained in the 33rd Report on Demands For Grants (2016-17) of the Ministry of Statistics and Programme Implementation.

After some deliberations, the Committee adopted the above draft Reports with minor modifications and authorised the Chairperson to finalise them and present these Reports to Parliament.

4. XX XX XX XX XX XX.

The Committee then adjourned.

APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTIETH REPORT OF THE STANDING COMMITTEE ON FINANCE (SIXTEENTH LOK SABHA) ON 'PLANNING PROCESS - A REVIEW' OF THE MINISTRY OF PLANNING

		Total	% of total
(i)	Total number of Recommendations	09	
(ii)	Recommendations/Observations which have been accepted by the Government (vide Recommendations at Sl. Nos. 1,2,3,5,6,7,8,& 9)	08	88.89%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	Nil	-
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (vide Recommendations at Sl. No. 4)	01	11.11%
(v)	Recommendations/Observations in respect of which final reply of the Government are still awaited	Nil	-